

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02372A
Verde Lakes Water Corporation
2867 S. Verde Lakes Drive #B
Camp Verde AZ 86322

RECEIVED

JUN 10 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

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COMPANY INFORMATION

Company Name (Business Name) <u>Verde lakes Water Corp.</u>			
Mailing Address <u>2867 S Verde lakes Dr Suite B</u>			
<u>Camp Verde</u> (City)	<u>Az</u> (State)	<u>86322</u> (Zip)	
<u>928-567-9338</u> Telephone No. (Include Area Code)	<u>928-567-7049</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address <u>VLwatercorp@commspeed.net</u>			
Local Office Mailing Address <u>Same</u>			
<u>Same</u> (City)	 (State)	<u>Same</u> (Zip)	
<u>Same</u> Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address <u>Same</u>			

MANAGEMENT INFORMATION

Management Contact: <u>Alan Williams</u> <u>operations Director</u>			
<div style="display: flex; justify-content: space-between;">(Name)(Title)</div>			
<u>2867 S Verde lakes Dr Camp Verde AZ 86322</u>			
<u>928-567-9020</u> Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	<u>928-300-0541</u> Pager/Cell No. (Include Area Code)	
Email Address <u>bigal@commspeed.net</u>			
On Site Manager: <u>Same</u>			
<div style="display: flex; justify-content: space-between;">(Name)(Street)(City)(State)(Zip)</div>			
<div style="display: flex; justify-content: space-between;">Telephone No. (Include Area Code)Fax No. (Include Area Code)Pager/Cell No. (Include Area Code)</div>			
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Alan Williams
 (Name)
2867 S. Verde Lakes Dr Campo Verde AZ 86322
 (Street) (City) (State) (Zip)
928-567-4338 928-567-7049
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
 Attorney: N/A
 (Name)

 (Street) (City) (State) (Zip)

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	18,970		18,970
304	Structures and Improvements	43,660	8,911	34,749
307	Wells and Springs	29,422	16,462	12,960
311	Pumping Equipment	75,900	47,957	27,943
320	Water Treatment Equipment	1,818	856	962
330	Distribution Reservoirs and Standpipes	139,875	92,707	47,168
331	Transmission and Distribution Mains	333,786	286,231	47,555
333	Services	30,771	24,967	5,804
334	Meters and Meter Installations	56,252	49,651	6,601
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,701	8,877	1,824
341	Transportation Equipment	7,299	5,200	2,099
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	24,247	17,383	6,864
346	Communication Equipment	1,042	161	881
347	Miscellaneous Equipment	5,456	832	4,624
348	Other Tangible Plant	2,388	2,388	
	TOTALS	781,288	564,380	216,908

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	18,920	0	0
304	Structures and Improvements	43660	2.56	1,167
307	Wells and Springs	29,722	5.00	926
311	Pumping Equipment	75,900	14.29	8,415
320	Water Treatment Equipment	1,818	5.00	57
330	Distribution Reservoirs and Standpipes	139,875	5.00	7,038
331	Transmission and Distribution Mains	333,786	5.00	9,512
333	Services	30,771	5.00	439
334	Meters and Meter Installations	56,256	14.29	4,321
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	10,401	14.29	873
341	Transportation Equipment	7,299	20.00	840
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	27,244	14.29	1,890
346	Communication Equipment	1,072	14.29	149
347	Miscellaneous Equipment	5,456	5.00	272
348	Other Tangible Plant	2,388	NA	0
	TOTALS	781,288	MA	35,699

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 100	\$ 13,450
134	Working Funds	67,380	7,888
135	Temporary Cash Investments	79,247	131,379
141	Customer Accounts Receivable	7,892	16,006
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	8,722	716
174	Miscellaneous Current and Accrued Assets	6,657	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 166,252	\$ 163,439
	FIXED ASSETS		
101	Utility Plant in Service	\$ 731,531	\$ 781,288
103	Property Held for Future Use	9,350	9,350
105	Construction Work in Progress	89,700	0
108	Accumulated Depreciation – Utility Plant	(519,861)	(564,380)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 310,720	\$ 228,258
	TOTAL ASSETS	\$ 477,472	\$ 391,692

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 2,113	\$ 5,786
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		9,956
236	Accrued Taxes	2,569	7,767
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	1,243	
	TOTAL CURRENT LIABILITIES	\$ 1,799	\$ 23,508
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	49,979	45,790
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	801	
272	Less: Amortization of Contributions	(160)	
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 50,619	\$ 45,790
	TOTAL LIABILITIES	\$ 52,918	\$ 69,298
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	425,059	322,396
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 425,059	\$ 322,396
	TOTAL LIABILITIES AND CAPITAL	\$ 477,472	\$ 391,692

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 212,927	\$ 225,093
460	Unmetered Water Revenue		
474	Other Water Revenues	11,793	11,549
	TOTAL REVENUES	\$ 224,720	\$ 236,642
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 81,900	\$ 84,028
610	Purchased Water		
615	Purchased Power	15,902	19,175
618	Chemicals	54	
620	Repairs and Maintenance	14,796	51,365
621	Office Supplies and Expense	2,019	4,743
630	Outside Services	10,404	8,567
635	Water Testing	5,556	2,765
641	Rents	5,997	4,271
650	Transportation Expenses	105	204
657	Insurance - General Liability	5,825	7,735
659	Insurance - Health and Life	4,394	3,777
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	3,695	3,386
403	Depreciation Expense	33,341	35,699
408	Taxes Other Than Income	15,192	7,166
408.11	Property Taxes	11,046	10,982
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 209,129	\$ 245,630
	OPERATING INCOME/(LOSS)	\$ 15,591	\$ < 9,012 >
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 1,169	\$ 1,129
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		234
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1,169	\$ 905
	NET INCOME/(LOSS)	\$ 16,760	\$ < 8,113 >

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-801447	5	60	240	10	4	1970
55-524343	5	60	110	4		
55-801449	5	60	235	6	4	
55-0524344	10	90	244	10	4	1970
55-559150	10	90	300	10	4	1997

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7 1/2	8	N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
120,000	1	5000	4
40,000	2		
60,000	2		
10,000	1		

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	2,000'
5	PVC	
6	PVC	17,700'
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	752
3/4	None
1	3
1 1/2	2
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Sodium Hypochloride 12%

STRUCTURES:

Big Valley - 1 Electrical Building
Mable 1-1 Pump Building
Still water 1-Pump shed 1-Electrical Shed
Dinkey Creek 1-electrical Building

OTHER:

N/A

COMPANY NAME:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	763		3 601 840
FEBRUARY	767		3 659 111
MARCH	762		3 293 910
APRIL	765		5 840 996
MAY	768		5 879 604
JUNE	769		7 728 646
JULY	767		8 038 762
AUGUST	768		6 662 508
SEPTEMBER	769		5 028 420
OCTOBER	772		5 692 441
NOVEMBER	773		4 126 329
DECEMBER	773		3 985 621
TOTAL		N/A	63,538,188

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes☐ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately)

Dinky Creek .001
Big Valley .011

still water .025

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME _____ YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 5,374.78

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME _____

YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ 0
Estimated or Actual Federal Tax Liability _____ 0

State Taxable Income Reported _____ 0
Estimated or Actual State Tax Liability _____ 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Alan Williams
SIGNATURE

May 6, 2004
DATE

Alan Williams
PRINTED NAME

operations Supervisor
TITLE

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yavapai	
NAME (OWNER OR OFFICIAL)	Alan Williams	TITLE Operations Dir.
COMPANY NAME	Verde Lakes Water Corp	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 237,809.83

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 18419.75
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Alan Williams
SIGNATURE OF OWNER OR OFFICIAL
928 567-8200 4338
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	20

(SEAL)

MY COMMISSION EXPIRES

X

SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	Alan Williams Operations Director
COMPANY NAME	Verde Lakes Water Corp

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona Intrastate Gross Operating Revenues Only (3)
\$ 237,809.83

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 18,419.75
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

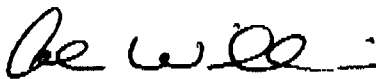
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

(SEAL)

MY COMMISSION EXPIRES _____


SIGNATURE OF OWNER OR OFFICIAL
928-527-9338
TELEPHONE NUMBER

COUNTY NAME	
MONTH	20

SIGNATURE OF NOTARY PUBLIC